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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### Division of Oil, Gas & Mining

ROBERT L. MORGAN  
Executive Director

LOWELL P. BRAXTON  
Division Director

October 14, 2004

Wells Fargo Bank  
130 East Main Street  
P.O. Box 38  
Burley, Idaho 83318  
(208) 678-1193

Attention: Melinda J. Runyon, Branch Manager

Subject: Reclamation Surety, Certificate of Deposit for Sawtooth Stone, LLC, Sawtooth Stone Quarry #3 Mine Site, S/003/068, Box Elder County, Utah

Certificate of Deposit no. \_\_\_\_\_; Principal Amount \$8,000

This letter describes the mutually agreed upon instructions of the below signed parties to Wells Fargo Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Sawtooth Stone Quarry #3 mine site ("Mine Site"), Box Elder County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$8,000 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division"), the United States Department of Interior-Bureau of Land Management ("USDOI-BLM"), and the School and Institutional Trust Lands Administration ("SITLA") upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

#### **Ownership and Renewal:**

Ownership of the CD is retained by Sawtooth Stone, LLC a Limited Liability corporation, ("Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas and Mining, the USDOI-BLM and SITLA, and is subject to the terms and conditions described in this agreement. The CD shall



automatically renew indefinitely until either redeemed or released by the Director of the Division, the authorized officers of USDOIBLM and SITLA.

**Redemption:**

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Division, and the authorized officers of USDOIBLM and SITLA to the Bank. Upon the instruction and demand of the Division, and the authorized officer of USDOIBLM and SITLA, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Division Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division of Oil, Gas and Mining and the authorized officers of USDOIBLM and SITLA may redeem the CD.

**Release:**

The bank shall release the CD only upon the written instruction of the Director of the Division and the authorized officers of USDOIBLM and SITLA to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

**Accrued Interest:**

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$8,000. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.



**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:

\_\_\_\_\_  
Lowell P. Braxton, Director  
Utah Division of Oil, Gas & Mining

Date: \_\_\_\_\_

\_\_\_\_\_  
Bruce Mitchell  
Sawtooth Stone, LLC  
Tax ID Number: 42-1579463

Date: \_\_\_\_\_

\_\_\_\_\_  
Melinda J. Runyon, Branch Manager  
Wells Fargo Bank

Date: \_\_\_\_\_

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